

August 23, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

MOTION TO SUPPORT AB 1163 (CALDERON) - RELATING TO THE WATER REPLENISHMENT DISTRICT (ITEM NO. 27, AGENDA OF AUGUST 27, 2002)

Item No. 27 on the August 27, 2002 Agenda is a motion by Supervisor Knabe that the Board of Supervisors direct the County's legislative advocates in Sacramento to pursue passage of AB 1163 (Calderon), request the Water Replenishment District (WRD) and its ratepayers to work together to develop a mutually agreeable long-range water management plan, and direct the Department of Public Works (DPW) and the Chief Administrative Officer (CAO) to continue monitoring WRD's reform-related activities and report back when actions warrant. This memo also responds to the previous request of the Board at its meeting on June 18, 2002, instructing DPW and the CAO to monitor WRD reform-related activities, as well as legislation that would extend the repeal of State-mandated reforms, and to report back with specific recommendations.

AB 1163 would require the State Auditor to audit WRD operations and submit a report to the Legislature by June 30, 2004. The bill also requires WRD to develop a five-year capital improvement program; the appointment of six experts by the Central and West Basin Water Associations to a technical committee to advise WRD on proposed projects; sunset of the existing reforms on January 1, 2003 as provided in legislation enacted in 2000; and the repeal of AB 1163 on January 1, 2005.

Critics of WRD, including several cities, have focused on inadequate planning of capital improvements as a major factor in WRD's accumulation of a very large reserve fund from

over-assessing ratepayers. Despite a May 2002 audit report showing the progress WRD has made, critics still feel WRD needs close oversight. AB 1163 requires the involvement of the technical advisory committee in the development of the capital improvement program and decisions on capital spending. The bill allows WRD an opportunity to control its own finances, while requiring an audit in the near future to ensure that WRD implements the previous audit's recommendations.

DPW recommends that the County support AB 1163 because it will require WRD to develop a capital improvement plan, encouraging WRD to work with its ratepayers, as well as require another State audit, and we concur.

According to the author's staff, AB 1163 is sponsored by the Central and West Basin Water Associations, and supported by the La Habra Heights Water District, San Gabriel Valley Water Company, the South Montebello Irrigation District, the Southern California Water Company, and the Cities of Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Culver City, Downey, Hawaiian Gardens, Lakewood, Lomita, Manhattan Beach, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, Torrance, and Whittier. Although the author's staff reports that WRD supported the recent amendment to the AB 1163, it is currently neutral on the bill, as its board has not taken an official position on the amended bill. There is no reported opposition.

On August 20, 2002, AB 1163 was moved from the Senate Appropriations Committee to the Senate Floor for second reading.

As directed by the Board, we will continue to work with DPW to monitor the reform activities of WRD, as well as legislation related to WRD operations, and report when warranted.

DEJ:GK
DRS:zo

c: Executive Officer, Board of Supervisors
County Counsel
Director of Public Works
Legislative Strategist